

1) Recap of Project History:

In 2005 the Town received a commitment from the County to contribute \$5 million of the voter-approved 2004 Mecklenburg County Parks and Recreation bond issuance to a Sportsplex in Matthews. The Town also committed to a \$2 million contribution. At the time we realized that this was not a sufficient amount of money to build the Sportsplex but it was a starting point for constructing Phase One.

In the voter-approved 2008 Parks and Recreation bonds an additional \$25 million was committed by the County for the Sportsplex. This \$25 million, added to the already committed \$7 million, will build a Sportsplex with twelve fields, including a 2,700 seat stadium. On this 160 acre Sportsplex site there will also be a variety of other amenities as well including a significant amount of open space and green areas, walking trails, playground, cross country course, etc.

As a result of the recession and financial crisis the County instituted a self-imposed “debt diet.” The “debt diet” halted the construction schedule of this project. In the fall of 2009 a private group of investors came forward to make a proposal to the County about this group partnering with the County to construct the facility in a more timely fashion. The developer made several proposals. The County Attorney did not feel that the County government had the authority to enter into the final proposal presented as result of that process.

In 2007/2008 during the time the Sportsplex project was being master planned by consultants to the County, the Town engaged with the adjacent privately-held properties to master plan a Small Area Plan for a mixed-use development of approximately 150 acres. The plan resulted in supporting uses and services that would complement the Sportsplex that included residential, commercial, office, hotel and family entertainment uses. This small area plan and associated infrastructure was contemplated to be built by the private sector. This plan then became dormant in the interim 2009-2010 period of economic turmoil.

2) Recap of the evaluation process facilitated by CCOG:

Pursuing to plan for the recovering economic conditions and also achieve the desired municipal park addition at this location, the Town recognized the opportunity to explore a public-private partnership model as a possibility for encouraging private development while also building the Sportsplex park project sooner than expected under the currently challenged traditional options. The Town engaged the Centralina Council of Governments (CCOG) to facilitate an interactive process involving the stakeholders. A Project Team with representation from all stakeholders was formed and held weekly Tuesday meetings since March 1, 2011.

An initial meeting held with stakeholders refined the updated project goals and these were also reported back to the Town early in the process. Interview sessions with developers were conducted to receive feedback on the project and discuss possible development scenarios. The resulting options for action were prepared for the Town.

3) Work Completed to Date:

a) Update and Define Current Goals:

Goal One: Establish a mixed use development and sportsplex park facility that are aesthetically appealing and economically viable to all stakeholders that include a complementary mix of commercial, office, residential and family entertainment uses identified as the highest and best uses being economically feasible and acceptable to the stakeholders.

Goal Two: Ensure the mixed use development and sportsplex park facility is well-connected to downtown Matthews and designed for maximum accessibility by pedestrians, automobiles, and transit but ecologically sound in light of its location and protection of existing environmental features.

Goal Three: Design a sportsplex park facility that meets the needs both of Matthews' residents and also serves as a major regional destination point for sports teams throughout the Southeast.

Definitions:

Stakeholders – Stakeholders for the project include the Town of Matthews, Mecklenburg County, landowners, and future businesses and residents within the development.

Highest and Best Use – The highest and best use of the project is that which maximizes overall value for the project, including enhancing economic development and quality of life for Matthews, value for landowners, and opportunity for tax increment financing (TIF) for the mixed use development and sportsplex facility.

b) Feasibility Interviews with Developers:

The team held sessions with one (1) local and two (2) nationally recognized developers who have major experience credentials as well as history with projects similar to this one with the integrated Sportsplex component. They also were actively engaged in current projects with mixed use knowledge of today's market and financing conditions. Additionally, the Matthews project review materials were provided to one additional national developer and four additional

local developers and preliminary phone interviews were conducted with some analysis gained during this concurrent stage of the process.

Interview Results and Takeaways:

- The market is certainly not like it was prior to the recession and when this project was conceived with the original proposed uses in SAP plan.
- Developers would be looking for more public participation in order to facilitate the project than would have been needed prior to the recession. Capital is not available in the financial market like pre-recession and, where public-private deals do exist, project funding ratios with a major public component like the sportsplex are now reversed from pre-recession 65%-35%private\public to opposite 65%-35%public\private positions.
- Developers advised that they would likely seek to substantially revise the layout of the Sportsplex and the small area plan due to the changed market. The concept could involve a separation of components from a strict part facility to a mixed facility in order for private development services to be closer to the market share they are seeking.
- Developers would like to have more specific market study data to determine what the uses would be and how intense.
- The financial funders would also demand high levels of market study with much higher percentage of guaranteed users\leases at preliminary stage that introduces some uncertainty and complexity to a blended partnership project such as this.
- Developers advised that the Town would have to substantially market the project to attract developers capable of executing the project. This is reverse of original perception that multiple developers would come competing for the site.
- In order to differentiate this location from as many as 100+ similar mixed use sites proposed in communities nationwide, Developers advised necessity of creating the unique or uncommon aspect of the project in the planned uses and funding strategies that would provide the “hook” to launch the project (i.e. professional stadium expansion or flagship hotel).
- They advised that based on the market today and expected in the future, the project would take much longer to develop and build out than was planned prior to the recession (i.e. 7-10 years vs. 3-5 years). Thus, a longer implementation horizon should be expected by all stakeholders and funders.

c) Project Update and Coordination Meeting with County Staff:

A meeting was held with County staff to update them on progress and seek their feedback. The County discussed it may be in a position in next year's 2012 budget to go off the "debt diet" and issue an annual \$130 million debt for capital projects. We were informed the County is undertaking a new prioritization process for ranking all County capital projects in consolidated list for the limited debt issuance. Evaluating the economic development benefits of projects was mentioned as a factor that is important to the final prioritization rank and could specifically assist the Sportsplex Park's position on list. The Town's proposed financial participation in infrastructure and annual operation & maintenance expenses associated with the project also enhances the ranking evaluation. At County staff's suggestion, Town began to expeditiously pursue an economic impact analysis in order to quantify the primary and ancillary economic impact of the County's investment in building the full facility. The goal is to conduct the analysis and have the results available when the County Board reviews and approves the budget in June. The Sportsplex Park project is now defined by County Staff as a scheduled single project (100% implementation) versus any phased approach considered previously. Regardless if final ranking on the 2012 priority list fails to initiate, the project is anticipated to move forward within the next 12 to 24 month cycles (i.e. FY2013\FY2014) of the capital projects plan.

4) Project Plans Going Forward:

Required Project Criteria for Successful Implementation:

- Clearly defined goal
- Community support
- Market feasibility
- Financial feasibility
- Experienced developer

Option A) - No Action

Original SAP as conceived and designed is not financially feasible. The desired Sportsplex subsidized funding is not possible from private side development due to lack of market size, density, and cash yield of private site. Private side development is left to happen as market dictates and Sportsplex Park on hold until when and if County implements project.

1. Sportsplex – Take no action

2. Mixed Use Development – Take no action; not financially feasible at this time, funding not available from private development due to lack of market size; wait on the market to turn around.

Option B) - Minimum Action

Minor Town public investments provided to facilitate services to Sportsplex Park project as County achieves funding and implementation decisions to fully build park. No private development generated nor desired Master plan uses associated with Sportsplex Park implemented.

1. Sportsplex – Lobby the County for funding the project; back to the original shared implementation deal with County.

2. Mixed Use Development – Take no action; not financially feasible at this time, funding not available from private development due to lack of market size; wait on the market to turn around.

Option C) - Coordinated Public\Private Improvements

More substantial Town participation in public improvements designed to enhance Sportsplex park ranking and acceleration of overall project initiation. Increased infrastructure investment by Town leveraged simultaneously in design to allow private partnership\developer phase consideration that would provide partial implementation of the type uses desired in Master plan. Consider targeted specific use to “attract” development. Private economic development accelerated and generates increased revenues for Town and County. This option achieved with targeted RFQ\RFP process and property owner agreements coordinated with implementation of Sportsplex project.

1. Sportsplex – Lobby County for funding the project; back to original shared implementation deal with County.

2. Mixed Use Development – Jump start the mixed use development; consider more substantial Town participation in public improvements to “attract” development; seek development agreement with property owners; consider targeted RFQ\RFP for development partner.

Option D) New Master Plan and Designated TIF\Assessment District

Town pursues revising full Master Plan concept with larger development district zone considered that includes adjacent areas of Town. Sportsplex Park still anchors project zone with major Town investments in private side project subsidies\agreements with eventual TIF revenue streams to reimburse investments. Original Master Developer RFQ process implemented for Town to obtain long range objectives connected to “legacy planning” issues that are desired (i.e. transportation links, zoning uses, affiliated development projects in targeted zone).

1. Sportsplex – Lobby County for funding the project; back to original shared implementation deal with County.

2. Mixed Use Development – Consider new master plan that includes the mixed use development and expands to add more area; obtain long range “legacy plan” for larger area; Partner Agreements to provide synthetic TIFs\developer bonds, etc to implement desired development.

Options Attachment “A”

Project Plans Going Forward:

Option A - No Action

1. Sportsplex – Take no action.
2. Mixed Use Development – Take no action; not financially feasible at this time, funding not available from private development due to lack of market size; wait on the market to turn around.

Option B - Minimum Action

1. Sportsplex – Lobby the County for funding the project; back to the original shared implementation deal with County.
2. Mixed Use Development – Take no action; not financially feasible at this time, funding not available from private development due to lack of market size; wait on the market to turn around

Option C - Coordinated Public/Private Improvements

1. Sports Complex – Lobby County for funding the project; back to original shared implementation deal with County.
2. Mixed Use Development – Jump start the mixed use development; consider more substantial Town participation in public improvements to “attract” development; seek development agreement with property owners; consider targeted RFQ\RFP for development partner.

Option D - Revised Master Plan and Designated TIF/ Assessment District

1. Sportsplex – Lobby County for funding the project; back to original shared implementation deal with County.
2. Mixed Use Development – Consider New Master Plan that includes the mixed use development and expands to add more area; obtain long range “legacy plan” for larger area; Partner Agreements available for synthetic TIFs\developer bonds, etc to implement desired development.